

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

* * * * *

In the Matter of:

DELTA NATURAL GAS COMPANY, INC.)	
APPLICATION FOR ADJUSTMENT OF)	CASE NO. 8528-A
RATES UNDER PURCHASED GAS)	
ADJUSTMENT CLAUSE)	

O R D E R

On December 14, 1982, this Commission issued its Order in Case No. 8528, approving certain adjustments in the rates of Delta Natural Gas Company, Inc., ("Delta") and providing under certain conditions for the further adjustments of rates when the wholesale cost of gas is increased, decreased or refunds are received.

On December 10, 1982, Delta notified the Commission that its wholesale cost of gas would be increased by four of its suppliers, and submitted with its notice certain information in compliance with its purchased gas adjustment clause on file with the Commission.

After reviewing the notice filed in this case and being advised, the Commission is of the opinion and finds that:

(1) On December 2, 1982, Delta received from one of its suppliers, Tennessee Gas Pipeline Company ("Tennessee"), notification of an increase in its wholesale rates effective January 1, 1983.

(2) On December 8, 1982, Delta received from one of its suppliers, Columbia Gas Transmission Corporation ("Transmission"), notification of an increase in its wholesale rates effective January 1, 1983.

(3) Effective January 1, 1983, Delta shall experience an increase in the cost of gas purchased from Weaver Oil and Gas Corporation ("Weaver") in Bell County, Kentucky, in accordance with the escalator clause in the contract of August 16, 1978, a copy of which is on file with the Commission.

(4) Delta's subsidiary, Laurel Valley Pipe Line Company ("Laurel Valley"), shall experience effective January 1, 1983, an increase in the wholesale cost of gas it purchases locally from the Weaver-Hamilton partnership under the contract dated May 20, 1980. The price of gas purchased under this agreement is subject to Section 102 of the Natural Gas Policy Act of 1978. Laurel Valley resells and delivers the gas to Delta at Laurel Valley's wholesale cost.

(5) Delta by letter agreement dated September 8, 1982, has entered into a temporary gas purchase agreement with Al J. Keyser and Associates ("Keyser") for the purchase of gas produced in Knox County, Kentucky.

(6) Delta has injected gas into storage resulting in an increase in the average rate per Mcf for all storage gas as of October 31, 1982.

(7) Delta's notice of December 10, 1982, set out certain revisions in rates which Delta proposed to place in effect, said rates being designed to pass on the wholesale increase in price from its suppliers in the amount of \$931,730 or 16.68 cents per Mcf.

(8) The proposed rates will allow Delta to recover only the increased cost of wholesale gas and will not permit it to make any profit in doing so. The magnitude of this filing exposes Delta to substantial under-recovery of its gas costs if the rates are not implemented in a timely manner.

(9) Delta's adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 8528 dated December 14, 1982, is fair, just and reasonable, in the public interest and should be effective with gas supplied on and after January 1, 1983, subject to refund.


IT IS THEREFORE ORDERED that the rates contained in Appendix A be and they hereby are authorized, effective for gas supplied on and after January 1, 1983, subject to refund.

IT IS FURTHER ORDERED that within 30 days after the date of this Order, Delta shall file with this Commission its revised tariff sheets setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 29th day of December, 1982.

PUBLIC SERVICE COMMISSION

ATTEST:


Chairman


Vice Chairman

Secretary


Commissioner

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE COMMISSION IN CASE NO. 8528-A December 29, 1982.

The following rates and charges are prescribed for the customers in the areas served by Delta Natural Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of the Commission prior to the date of this Order.

RATE SCHEDULE G - GENERAL SERVICE

APPLICABILITY:

Applicable within all service areas served by Delta, namely: Owingsville, Sharpsburg, Bath County, Camargo, Montgomery County, Frenchburg, Menifee County, Kingston-Terrill, Madison County, Stanton, Clay City, Powell County, Garrard County, Berea, Salt Lick, Midland, Nicholasville, Wilmore, Jessamine County, Jeffersonville, Clearfield, Farmers, Rowan County, Middlesboro, Pineville, Bell County, Barbourville, Knox County, Williamsburg, Whitley County, London, Laurel County, and environs of each.

AVAILABILITY:

Available for general use by residential, commercial and industrial customers.

CHARACTER OF SERVICE:

Firm--with the reasonable limits of the company's capability to provide such service.

RATES:

General Service--

Monthly Customer Charge - \$2.90 per delivery point per month.

1 - 5,000 Mcf	\$5.3951
5,001 - 10,000 Mcf	5.1451
Over - 10,000 Mcf	4.8951

Interruptible--

1 - 5,000 Mcf	\$5.1451
5,001 - 10,000 Mcf	4.8951
Over - 10,000 Mcf	4.6451

PURCHASED GAS ADJUSTMENT

Delta Natural Gas Company

Applicable to all rate schedules

The base rate for purchased gas for the future application of this Purchased Gas Adjustment Clause is:

<u>Supplier</u>	<u>Rate/Mcf or DTH</u>
Columbia Gas Transmission Corporation	
Rate Schedule CDS	
Demand (DTH)	\$4.33
Commodity (DTH)	4.3758
Rate Schedule SGS (DTH)	4.6605
Columbia LNG Corporation	6.0801*
*Includes Transportation Charge of	\$0.4701
Tennessee Gas Pipeline Company	\$3.4938
Gas Rate (DTH)	0.7258
Graham-Michaelis Corporation	\$2.00
Flat Lick	\$0.35
Evans	0.96
Wisehoff	1.41
Hall-Martin	0.40
Goff	0.40
Weaver	1.87
Martin Energy Company	1.75
Laurel Valley	3.4233
Wiser Oil Company	2.6355
Al J. Keyser	2.6125
L P Energy	2.00
Storage	1.001
CN Operating Company	2.00